

PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: September 8, 2015

REGULAR \_\_\_\_\_ CONSENT X EFFECTIVE DATE September 9, 2015

DATE: August 31, 2015

TO: Public Utility Commission

FROM: Michael Breish *MB*

THROUGH: Jason Eisdorfer and Aster Adams *JE* *AA*

SUBJECT: IDAHO POWER COMPANY: (Docket No. ADV 78/Advice No. 15-10)  
Requests Modifications to Schedule 70 – Appliance Recycling Program

**STAFF RECOMMENDATION:**

Staff recommends the Commission allow Idaho Power Company's (Company or Idaho Power) Advice No. 15-10 to go into effect September 9, 2015.

**DISCUSSION:**

Introduction and summary

On August 7, 2015, Idaho Power filed Advice No. 15-10 to add one additional measure to Schedule 70, Appliance Recycling program. Staff reviewed Advice No. 15-10 to determine whether the proposed addition to Schedule 70 is cost-effective and should be authorized.

Applicable Statutes, Rules, and Commission Orders

OAR 860-027-0310 specifies that the Commission encourages energy utilities to acquire cost-effective conservation resources and authorizes energy utilities to apply for Commission approval of programs designed to promote the acquisition of cost-effective conservation resources.

OAR 860-027-0310 defines conservation as any reduction in electric power or natural gas consumption as the result of increase in efficiency of energy use, production, or distribution. "Cost-effective" relates an energy conservation measure's cost, life cycle, and the cost of alternative energy facilities. An energy utility's cost-effectiveness

calculations should be consistent with the utility's most recently acknowledged least-cost plan pursuant to Order No. 89-507.<sup>1</sup>

Below are excerpts from OAR 860-027-0310(2) where the Commission's policies for evaluating conservation programs proposed by utilities are stated:

- Incentive:
  - Acquisition of least-cost resources should be the energy utility's most profitable course of action. An energy utility should have an incentive to acquire all least-cost resources, but it should not have an incentive to pursue conservation past the point at which it is no longer cost-effective.
  - The most important criterion for evaluating an incentive program is its effect on the energy utility's resource acquisition strategy.
  - An energy utility should have the incentive to acquire any resource at the minimum total cost.
  
- Impact
  - Incentive programs should be as consistent as possible with the Commission objective of promoting rate stability.

Commission Order No. 94-590 in Docket UM 551 specifies the following:

- The total resource cost test (TRC) must be used to determine if energy efficiency measures and programs are cost effective.<sup>2</sup>
- A utility should calculate cost savings and other non-energy benefits if they are significant and there is a reasonable and practical way for calculating them.<sup>3</sup>
- Utilities should offer incentives to end-users sufficient to meet or exceed acknowledged least-cost plan conservation targets.<sup>4</sup>

### Background

Incentives offered under Idaho Power's Schedule 70 Appliance Recycling program are available to residential customers who remove and recycle a qualifying refrigerator or freezer. The program is designed to encourage residential customers to remove and recycle refrigerators and freezers that are less efficient by offering a service that removes and recycles these appliances at no cost to customers.

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<sup>1</sup> OAR 860-027-0310(1)(c).

<sup>2</sup> Order No. 94-590 at 14 (UM 551).

<sup>3</sup> Ibid., 15.

<sup>4</sup> Ibid.

Customers are permitted removal of two units per customer, per year and the unit must be residential grade, 10 to 30 cubic feet, and empty at the time of pick-up.

Advice No. 15-10 modifies Schedule 70 by adding the delivery of two free LED bulbs at the time of pick up. Idaho Power determined that LED bulbs have dropped in price to a point that inclusion is now a cost-effective addition to the program. Idaho Power anticipates that this additional feature will attract additional customers to the Appliance Recycling program.

The program's associated Utility Cost Test (UCT) and Total Resource Cost Test (TRC) ratios with the addition of the two LED bulbs are as follows:

<b>Program Name</b>	<b>UCT</b>	<b>TRC</b>
Existing Appliance Recycling Program	1.12	1.44
Appliance Recycling Program (w/ two LED bulbs)	1.26	2.07

The table above shows that existing service provided under the Appliance Recycling program is cost effective. The addition of LED bulbs improves the cost effectiveness of the program.

Staff concludes that the filing satisfies the Commission's criteria for cost effectiveness and believes the proposed modification to the program and tariff is reasonable. Thus, Staff recommends the Commission approve the Company's proposed changes.

**PROPOSED COMMISSION MOTION:**

Idaho Power's Advice No. 15-10 be allowed to go into effect on September 9, 2015.